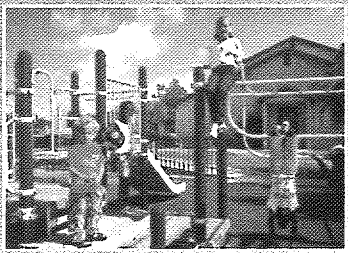
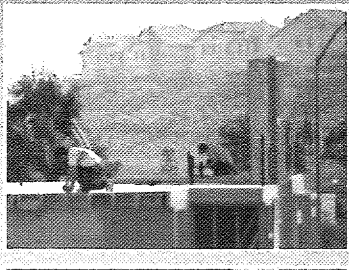
City of San Diego General Plan

HOUSING ELEMENT

FY 1999 - FY 2004 VOLUME II





Volume II

City of San Diego
Housing Element
FY 1999 - FY 2004

November, 2001

Prepared By

Planning Department
San Diego Housing Commission

Adopted by City Council, November 6, 2001
Resolution Number R-295699

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VOLUME II

COMMUNITY PROFILE

I. COMMUNITY PROFILE

A. Purpose

This chapter describes important demographic characteristics and trends which influence demand for housing. Key variables to be considered include overall population growth, the age and sex profile of the population, household size and composition, projected income and employment levels and ethnicity and race.

Characteristics of the existing housing stock are an equally important part of the community profile because the amount and quality of existing housing determines supply and also influences the demand for additions to the housing stock. Important characteristics of the supply of existing housing include size and type, age, tenure (owner occupied vs. rental), condition, the extent of overcrowding, vacant units, housing costs, and existing low-income housing.

B. Key Findings

The following provides a summary of key characteristics affecting San Diego's community profile.

- **As of 1998, the population in the City of San Diego had increased by 10 percent since 1990, to 1.22 million and claimed almost 44 percent of the region's population. SANDAG projects that the City's population will grow by 19 percent between 1995 and 2005, from 1.17 million to approximately 1.4 million.**

- **In the 1980's, the majority of growth was due to net in-migration. However, since 1990, the majority of growth has been attributable to natural increases. This trend is expected to continue between 1998 and 2020, when 60 percent of the growth is expected to be due to natural increases.**

- **From 1960 to 1989, household formation has outpaced population growth. However, in the 1990's population growth has outpaced household formation. Both trends have contributed to the "doubling-up" of households.**

- **The San Diego region's median age of the total population is expected to rise by 10 percent, from 31.6 years in 1995 to 34.9 years in 2020. In the City, the median age rose from 28.4 years in 1980 to 30.5 years in 1990.**

- **Regionwide, between 1997 and 2020, the fastest growing segment of the population is expected to be those aged 65 years and older, reflecting an 81 percent increase. This trend is due the aging of the "baby boom" generation and will create a demand for a range of housing solutions.**
- **The average household size is higher in the San Diego region than the**

national average. Also, contrary to the national average, household size is expected to continue increasing. Between 1994 and 2005, household size is projected to increase from 2.75 to 2.85 persons per household. The trend toward larger households regionally reflects the increasing tendency for households to "double-up" or postpone housing formation as housing costs outpace income.

- The composition of households has changed since the 1980's. The proportion of married couples with and without children has decreased while the proportion of single-parents, single-person households and unrelated individuals have increased since 1980.

- As of 1998, San Diego's median area income is $50,800. For four-person households; very-low income is estimated at $25,400; low-income is estimated at $40,650; and moderate income is estimated at $60,950.

- Regionwide, the Hispanic and Asian population segments are expected to be the fastest growing. The Hispanic population is expected to increase by 109 percent between 1995 and 2020, increasing to 33 percent of the region's total population. The Asian population is expected to increase 102 percent, between 1995 and 2020, making up 12.2 percent of the region's total population by 2020.

- Single-family dwellings continue to dominate the local housing inventory, although their proportion has decreased steadily from 1970 to 1998. By 1998, 55 percent of the total housing stock consisted of single-family dwellings. However, the proliferation of construction defect lawsuits led to the modest number of attached, single-family units to be added between 1995 and 1997. In contrast, the proportion of multi-family units have steadily increased from 31 percent of total housing stock in 1970 to almost 44 percent in 1997.

- Most of the housing stock in San Diego is relatively new. About 90 percent of existing housing has been built after 1940 and 50 percent has been built since 1970.

- San Diego's ratio of homeownership declined steadily from 53 percent in 1960 to 48 percent by 1990. This trend reflects San Diego's high proportion of transient military personnel and students and also the wide disparity between San Diego's income levels and the high cost of housing locally.

- As of 1990, approximately 10 percent of San Diego's housing stock met the U.S. Census Bureau's definition of "overcrowded." This represents a 113

percent increase from the 1980 figure. Although more recent figures are not available, it is likely that the incidence of overcrowding has increased since the population has increased by 10 percent and the number of housing units has only increased by 6.7 percent.

- **The vacancy rate has declined steadily from 7.3 percent in 1994 to 3.5 percent in the spring of 1998. This vacancy rate falls very close to the "underbuilt" market, and is a result of the declining number of housing units being built per year since 1990, particularly multi-family units.**

- **Since 1990, the number of residents employed in recreational goods and biotechnology/pharmaceuticals clusters has doubled and the number of new jobs in the communications and software/computer services clusters had increased by 50 percent. The visitor services cluster has generated the highest number of new jobs, accounting for two-thirds of all cluster employment growth since 1990.**

C. Population Trends and Forecasts

1. National and State Trends and Forecasts

The need for housing is affected by current availability, population growth, household formation, household income, and age distribution. The gap between availability and cost of decent housing is expected to grow even wider. According to a recent report by the U.S. Department of Housing and Urban Development (HUD)[1], the increasing proportion of low income households are expected to create more "worst case needs"[2] cases. The number of very-low-income renters with acute housing needs increased more in the West than in other parts of the country during the first half of the 1990's. This trend, to the extent it is expected to continue, will influence the demand for different types of housing as the gap between real median income and low income housing stock increases.

Almost 70% of renters spent more than 30% of their income on housing and utilities and 50% of poor renter households spent more than half their income on housing in 1995. [3] The increasing proportion of families unable to afford decent housing will be aggravated by the effects of welfare reform legislation.

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[1]Department of Housing and Urban Development, Rental Housing Assistance--The Crisis Continues: The 1997 Report to Congress on Worst Case Housing Needs

[2]The U.S. Department of Housing and Community Development defines "worst case" housing needs as "households which have incomes of less than 50 percent of the area median income and pay over half their incomes for rent or are living in severely substandard housing."

[3]Out of Reach: Rental Housing At What Cost?, The National Housing Coalition, September 1997, p.1.

With the enactment of "Temporary Assistance for Needy Families" (TANF) program of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, significant numbers of welfare recipients, many of whom is public housing and Section 8 residents soon will be required to make a transition from welfare to work as their time limits for welfare assistance is reached. Nationally, the effects of the welfare to work the program will vary, depending on a number of factors, including local economic conditions, the number of entry-level jobs within reasonable commuting distance, the extent of competition from other entry-level job seekers, the availability of transit in relation to entry-level job opportunities, and the availability of day-care and other supportive services.

Additionally, the projected increases in population at both state and national levels create concern for availability of all type of housing especially those with special needs. California's population is expected to increase by 51% from 32.4 million in 1996 to 49 million in 2020. In the U.S. as a whole, the population change is expected to increase by 23% by 2020.

Changes in age structure are also expected to influence housing demand. The aging of the "baby boom" generation will influence the demand for a wide variety of housing in all income groups. Nationally, the population 65 years and older will increase by 59% from 33.5 million in 1995 to 52.3 million in 2020, increasing its share of the U.S. population from 12.7% to 16.4%[4].

The predicted population growth and increases in rising worst case needs triggered by welfare reform, and gradual effects of loss of low income housing stock will continue to have important implications for housing policy and coordination of essential related services and facilities with housing. This suggests that economic growth alone will not meet the increasing housing needs at both the national and state levels, especially among families with limited incomes.

In addition, California will become even more ethnically diverse. In 1990, Hispanics comprised 26% of the state's population, Whites 57%, and Asian and others 9%, and blacks 7%. In comparison, by 2020 it is expected that Hispanics and Whites will each comprise 41% of the state's population, Asian and others 12% and blacks 6%. Ethnicity is correlated with household size, income and access to the housing market.

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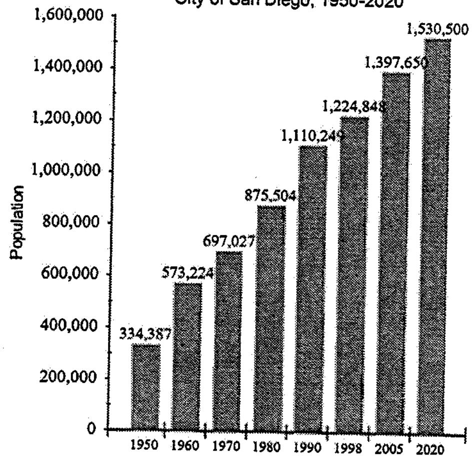
[4]Preliminary Series 9 Regionwide Forecast 1995-2020, San Diego Association of Governments (SANDAG), May 28, 1997

2. Local Trends and Forecasts

Figure 1
Population Growth
City of San Diego, 1950-2020



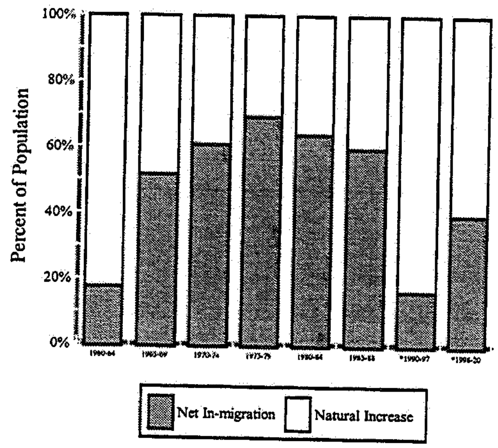
Source: U.S. Census, Department of Finance, SANDAG

San Diego's population has grown dramatically in the last 30 years. In 1970, with nearly 700,000 residents, San Diego was the third most populous city in California and fourteenth in the nation. By 1980 the City's population had increased to more than 875,000, making San Diego the second largest in the western states and the ninth largest in the nation. The 1990 Census counted San Diego's population at 1,110,249, making San Diego the sixth largest in the nation. As of January 1, 1998, San Diego's total population had increased by 10% since 1990 to 1,224,848 and claimed almost 44% of the entire region's population.

Between 1995 and 2005, SANDAG's Preliminary 2020 Regional Growth Forecast projects a 19% increase in the City's population from 1,174,400 in 1995 to 1,397,650 by 2005. Another 10% increase is projected between 2005 and 2020, with the population reaching 1,530,500. These projections assume a continuation of existing land use policies.

In the region, SANDAG's Preliminary 2020 Regional Growth Forecast, estimates a 1.1 million population increase from 1995 to 2020, with an estimated population reaching over 3.8 million by 2020. The region is expected to increase by 17% between 1997 and 2005 and another 19.5% between 2005 and 2020. SANDAG's 2020 Regional Growth Forecast projects that the overall increase of 37% between 1997 and 2020 will result in the need for 405,800 additional housing units creating a concern for housing availability and affordability.

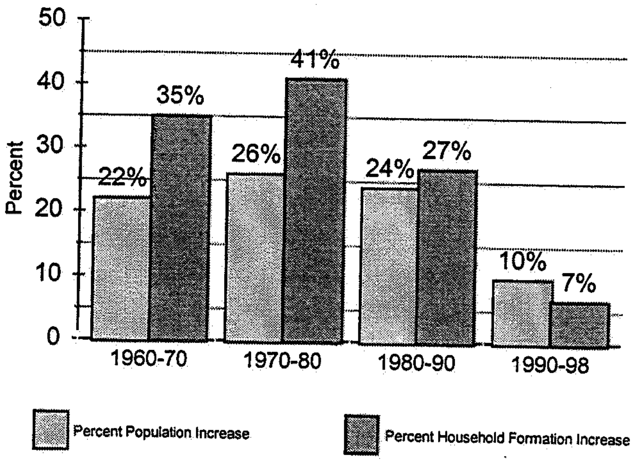
Figure 2
COMPONENTS OF POPULATION GROWTH
City of San Diego, 1960-2020



Source: Department of Finance, City of San Diego, Planning and Development Review

Figure 1 illustrates San Diego's growth since 1950. From 1980 to 1988, net in-migration was the largest component of population increase. However, in the early 1990's, 83% of San Diego's population growth was due to natural increase. This shift was due primarily to the economic recession locally for much of the early 1990's which significantly dampened employment growth. SANDAG's 2020 forecast projects that natural increase will continue to be the primary component of population growth (60%), while net in-migration will account for the remaining 40% of growth. Figure 2 illustrates these changes.

Figure 3
POPULATION INCREASE VS. HOUSEHOLD FORMATION
City of San Diego, 1960-1998



Source: U.S. Census, City of San Diego, Planning and Development Review Department

Figure 3 compares population increase to the rate of household formation between 1960 and 1998. It shows that between 1960 and 1989, household formation outpaced overall population growth by a wide margin.

Between 1980 and 1990, this gap shrunk considerably and by 1998, population growth had outstripped the rate of household formation. This trend reflects the fact that during the 1980's, high housing costs outstripped income, resulting in decisions to postpone or defer new household formations and in decisions to "double up[5]." During the early 1990's, the population continued to grow, albeit at a slower rate than during the 1980's, while the rate of new household formations continued to slow as the rate of new housing construction slowed considerably. Consequently, the reduced rate of new construction tended to dampen new household formations and encouraged even more "doubling up." Another factor that has contributed to the doubling up trend has been a tradition of some cultures and ethnic groups to have intergenerational families living in one housing unit. The trend toward doubling up tends to put more physical stress on housing units, leading to higher maintenance costs. The variety of factors influencing housing demand and household formation is discussed in greater detail in the following sections of this chapter.

D. Population Characteristics

1. Age

Age is an important demographic factor for predicting the future housing needs and preferences of different age groups. Traditionally, young adults (20-34 years) and the elderly (65+) tend to favor apartments, low-to-moderate cost condominiums, and small single-family units. The 35-64 population segment tends to favor higher amenity apartments and condominiums and larger single-family houses because they tend to have larger incomes and larger households.

According to SANDAG's Preliminary 2020 Regional Growth Forecast, the region's median age of the total population is expected to rise by 10% from 31.6 years of age in 1995 to 34.9 years of

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[5]The term "doubling up" refers to more than one household occupying one housing unit.

age in 2020. In the City of San Diego, the median age rose from 28.4 years in 1980 to 30.5 years in 1990.

The aging of the "baby boom" era will create a demand for a range of solutions for housing catering to the needs of the elderly categories. The fastest growing segment of the population regionwide between 1997 and 2020 is expected to be those aged 65 years and older, increasing by 81%. In absolute numbers, the "over 65" regional population is projected to grow from 311,800 in 1997 to 348,700 in 2005 to 565,400 in 2020. This trend is due to the aging of the "baby boom" generation.

2. Household Size and Composition

The number of persons per household is often a critical determinant of housing types demanded in the marketplace (the mix among apartments, condominiums, and single family houses, and size of the units). A small household (1-2 persons) traditionally uses a unit with 0-2 bedrooms while family households (3-4 persons) typically use 3-4 bedrooms. Large households (5 or more persons) typically use 4 or more bedrooms. Household size also influences choice of location. For example, households with no children may be less concerned about locating within a given school district than households with children.

Nationally, the Census Bureau projects that the average household size is expected to decline slowly from 2.62 in 1995 to 2.53 by 2010. According to the Census Bureau, two major factors account for this decline: (1) an increase in households and families with no children; and (2) an increase in persons living alone.

Average household size is higher in San Diego than nationally and, contrary to the national trend, is increasing. SANDAG's Preliminary 2020 Regionwide Forecast projects that the household size in the region will continue to increase until 2005. In 1990, the average household size was 2.61. By 1994, the average household size was 2.75. By 1997 SANDAG had estimated that it had risen to 2.81; by 2005 it is expected to rise slightly to 2.85, and by 2020 will decrease back to the 1997 level of 2.81.

In the near term, the trend toward larger households regionally reflects the increasing tendency for households to "double up" as housing costs continue to outpace income. The projected decrease by 2020 likely reflects the aging of the baby boom population and consequent increase in "empty nesters."

The composition of the household population has also changed since 1980, reflecting similar changes at the national level. The proportion of married couples with children and without children has decreased while the proportion of single-parents, single-person households, and unrelated individuals have increased since 1980.

3. Income

Income is one of the most important characteristics of housing need because it directly affects the range of housing prices and also strongly influences housing affordability. Household income is also directly related to housing tenure and type. As household income increases, the ratio of homeownership also tends to increase. State law identifies four income categories in relation to area median income[6]: Very low; Low-Income, Moderate-Income, and Above Moderate-Income. Separate income limits exist for each household for each income category.

> **Extremely Low-Income Households**: Those households whose gross income is equal to 30 percent or less of the area median income.
> **Very Low-Income Households:** Those households whose gross income is between 31 percent and 50 percent of the area median income.
> **Low-Income Households:** Those households whose gross income is between 51 percent and 80 percent of the area median income.
> **Moderate-Income households:** Those households whose gross income is between 81 percent and 120 percent of the area median income.
> **Above Moderate Income:** Those households whose gross income is more than 120 percent of the area median income.

The most recent income estimates were developed at the county level by the U.S. Department of Housing and Urban Development (HUD) and the California Department of Housing and Community Development (HCD). The FY 98 median area income for a family of four in San Diego is estimated at $50,800. Very low-income is estimated at $25,400 for a four-person household, low-income is estimated at $40,650 for a four-person household, and moderate income is estimated at $60,950 for a four-person household.

In the City of San Diego, there are approximately 160,470 low-income homeowner and renter households.[7] Of these households, approximately 106,701, or 67% of all low-income households overpay[8] for housing. The Housing Needs Assessment chapter provides a more thorough analysis of the special housing needs of low-income households.

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[6]Area Median Income is determined annually by the U.S. Department of Housing and Urban Development and the California Department of Housing and Community Development and is that point at which half of all incomes are above the point and half are below the point.

[7]FY 1994 Comprehensive Housing Affordability Strategy (CHAS) Census Data Book.

[8]The Department of Housing and Urban Development defines "overpaying" as a renter households - who pays more than 30% of their income on housing and utilities and homeowners who pay over 35 percent of their income on mortgage and insurance, and taxes.

4. Ethnicity and Race

The ethnic and racial characteristics of the population are important to an analysis of housing needs because their cultural influences tend to be reflected in preferences and needs for housing type, location, and associated amenities. Table 1 illustrates that in the City of San Diego, the Hispanic, Black and Asian/Other share of the population have increased, while the White share of the population has decreased between 1990 and 1997.

Table 1
Race and Ethnicity, City of San Diego, 1990 and 1997

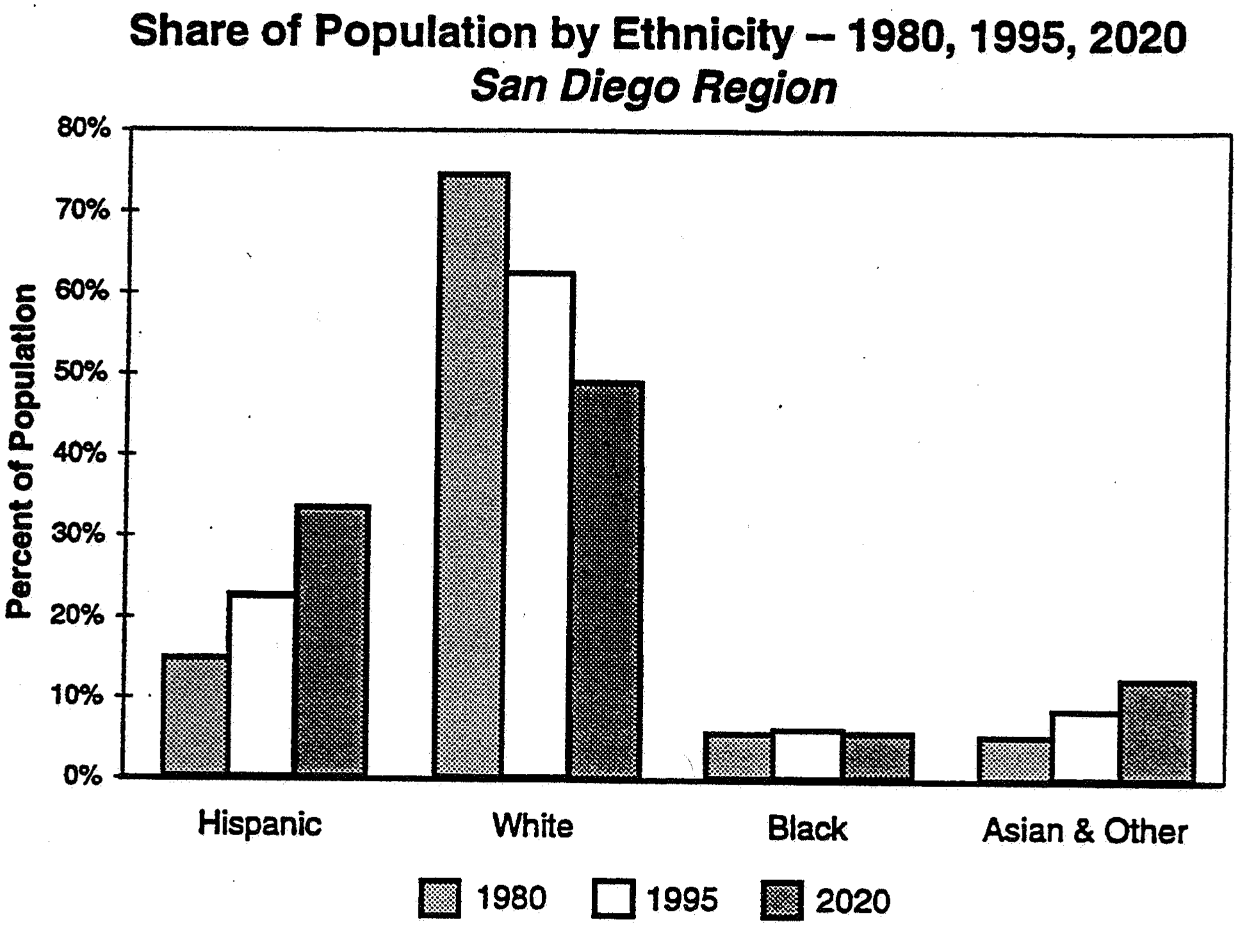
	1990		1997	
	Number	Percent	Number	Percent
Hispanic	229,519	20.7	275,902	23.0
White	651,735	58.7	660,912	55.2
Black	98,852	8.9	105,501	8.8
Asian/Other	130,443	11.7	154,762	12.9

Source: U.S. Census of Population and Housing 1990; Draft Regional Housing Needs Statement Tables, SANDAG, November 1998

Ethnic and racial projections are not available by jurisdiction. However, SANDAG's 2020 Forecast projects that regionwide, these trends are expected to continue.

According to the SANDAG 2020 Regional Growth Forecast, the most significant changes are in the ethnic composition of the region's growth of Hispanic and Asian population segments. The Hispanic population is expected to increase by 109% between 1995 and 2020 from about 23% of the total population of the region to 33%. Similarly, the Asian and other population segment are estimated to grow by 102% by the year 2020. That would be an increase from 8.7% of the City's total population in 1995 to 12.2% in 2020. Figure 4 (page 110) compares the share of population regionwide for the major ethnic and racial groups.

Figure 4



Source: 2020 Regionwide Forecast, San Diego Association of Governments, July 1998.

E. Housing Characteristics

This section describes the current profile of the San Diego housing market since the 1991 Housing element was prepared. It includes information on basic characteristics of San Diego's housing stock, vacant units, housing costs and affordability, and existing lower-income housing. Overall, San Diego's housing stock increased from 431,722 in 1990 to 460,674 in 1998 for a 6.7% increase.

1. Size and types

Single-family detached dwellings continue to dominate the local housing inventory, although their proportion has declined steadily from 1970 to 1998. In 1970, single-family units comprised 65 percent of all housing units. By 1991 single-family dwellings had declined to 56.8 percent of the total housing stock, and by 1998, the single-family housing stock had decreased further to 55% of the housing stock.

Regionwide, in 1997, single-family units comprised 58.6% of the regional housing stock. The SANDAG Preliminary 2020 Regional Growth Forecast projects that the single-family housing stock will decline slightly to 58.2% by 2005 and decline further to 56.8% of the entire housing stock by 2020.

The proportion of multi-family units have steadily increased. In 1970, multi-family units comprised 31 percent of all housing stock. In 1991 multi-family housing comprised 41.7 percent of the housing stock. By 1997 multi-family units comprised 43.7% of the total housing stock.

Regionwide, in 1997, multi-family units comprised 36.7% of the regional housing stock. The 2020 Regional Growth Forecast projects that the proportion of multi-family units are expected to continue increasing reaching 37.7% in 2005 and 39.7% by the year 2020.

According to SANDAG's projections on housing stock growth, between 1998 and 2004, the total number of occupied housing units, in the City of San Diego, will increase 8.3% from 470,860 in 1999 to 510,645 in 2004.[9]

Table 2 illustrates the number of housing units by type in the City of San Diego for 1991 and 1997.

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[9] This projection is based on the Regional Share Housing Unit Allocation for the 1999 - 2004 Housing Element cycle, as approved by the SANDAG Board of Directors.

Table 2 Number and Types of Housing Units City of San Diego, 1991 vs. 1997				
	1991		1997	
	Number	Percent	Number	Percent
Single-Family	245,014	57	253,768	55
Multi-Family	179,924	42	201,181	44
Mobile-Homes	5,725	1	5,725	1
Total	431,145	100	460,674	100
Source: SANDAG Population and Housing Estimates, January 1, 1998				

Table 3 breaks down the number of housing units built annually since 1991 for single-family units and multi-family units. The multi-family units are further broken down by units in buildings having 2-4 units and units in buildings having 5 or more units.

Table 3 Units Completed by Size of Structure City of San Diego, 1991-1998									
Units Per Structure					Units Per Structure				
	1	2-4	5+	Total		1	2-4	5+	Total
1991	1,319	384	3,277	4,980	**1996**	1,629	336	766	2,731
1992	1,279	375	2,836	4,490	**1995**	1,341	148	524	2,013
1993	1,306	295	1,603	3,204	**1996**	1,629	336	766	2,731
1994	1,994	418	747	3,159	**1997**	2,788	434	221	3,443
Source: City of San Diego, Planning and Development Review Department, California Department of Finance									

Overall, the number of housing units developed in San Diego steadily decreased between 1991 and 1996 in response to recessionary economic conditions. During this period, the rate of single-family construction held relatively constant, but the rate of multi-family housing development for structures having 5 or more units declined steadily. Although, there was a regional decline in housing units added between 1990 and 1997, of those 72,517 added, 42 percent were in the City of San Diego.[10]

[10] Regional Housing Needs Statement, May, 1999, p. 63.

The dramatic slowdown in multi-family construction has been attributed to several factors including high land costs, the slowness of rent levels to rise, complex and lengthy permit processing requirements, the tendency of many communities and neighborhoods to resist multi-family housing and the proliferation of construction defect lawsuits which has constrained developers ability to build condominium developments. These factors will be addressed in other sections of the Element.

Table 4 further breaks down the development of single-family units into the attached and detached categories.

Table 4
Single-Family Housing Production
City of San Diego, 1992 - 1997

Year	Detached	Attached
1992	1,181	0
1993	1,294	0
1994	1,994	0
1995	1,184	157
1996	1,468	155
1997	2,175	613

Source: City of San Diego, Planning and Development Review Department, California Department of Finance

Table 4 illustrates that between 1992 and 1995, all single-family development was in the detached category. Finally, in 1995 a modest number of attached single-family units were added. This number grew to 613 in 1997. The primary reason for the modest production of attached units was the proliferation of construction defect lawsuits and the consequent difficulty of developers in obtaining liability insurance.

2. Age of Housing

Age is an important indicator of housing condition. One measure of age is the number or percentage of housing units built before 1940. Most of the housing stock in San Diego is relatively new. About 9.6% of San Diego's housing stock was built before 1940 and is generally in good condition. In comparison, 50% of the housing stock has been built in San Diego since 1970. Table 5 illustrates the number of housing units built in San Diego by the decade.

Table 5 Age of Housing Stock, City of San Diego		
Years	**Units**	**Percent**
Before 1940	44,373	10
1940 - 1949	35,619	8
1950 - 1959	72,414	15
1960 - 1969	77,111	17
1970 - 1979	108,949	23
1980 - 1989	94,649	21
1990 - 1998	28,952	6
Total	**462,064**	**100**
Source: SANDAG, Draft Regional Housing Needs Statement Tables, November 1998		

3. Tenure

The ratio of owner-occupied housing units vs. rental units is an important indicator of stability. According to the 1990 Census housing stock data, 48.3% of San Diego's housing stock is owner-occupied, while 51.7% is renter occupied. Historically, the rate of homeownership in San Diego has been below that of the state and the nation. (In 1990, the U.S. homeownership rate was 64% and the rate in California was 59%). The primary reasons for San Diego lagging behind in homeownership are: (1) San Diego's population composition which includes a high proportion of transient military personnel and students; (2) a historical wide disparity between San Diego's income levels and the high cost of housing locally. Updated statistics on the proportion of owner-occupied vs. rental occupied units since 1990 are not available.

4. Condition

The condition of the housing stock is a result of a variety of factors including age of the housing stock, extent of overcrowding, and the availability of plumbing for exclusive use.

Most of San Diego's housing stock is in good condition. As was stated earlier in the "Age of Housing" section, 90 percent of the housing stock was built since 1940. However, as recently as 1990, according to the 1990 Census, San Diego still had 2,816 units with no plumbing for exclusive use. This number constituted 0.7% of the housing stock.

Finally, as of 1990, San Diego had 40,603 units, or 10 percent of the total housing stock, which met the U.S. Census Bureau definition of overcrowding (a housing unit containing more than one person per room). This represents a 113 percent increase from the 1980 figure of 19,072 overcrowded units. Although updated estimates on overcrowding since 1990 are not available, it is likely that the incidence of overcrowding has increased, since the population has increased by 10% and the number of housing units has increased by only 6.7%.

5. Vacant Units and Vacancy Rate

Vacant units include (1) those units which are readily available to prospective tenants or home buyers and (2) vacant seasonal and migratory units which are generally unavailable to the public. The vacancy rate is a function of the relation between the cost, supply and demand for housing. It indicates what proportion of the active housing stock is available to prospective tenants or home buyers for occupancy over a given time period.

In an ideal housing market, some housing units should always be vacant and available at any given time to households seeking shelter. Ideally, the vacancy rate should fall between an overbuilt market (usually considered 7 percent vacancy) and an underbuilt market (below 3 percent vacancy). An overbuilt market implies mounting mortgage risks to lenders, investors, and developers; while an underbuilt market tends to restrict residential mobility and drive up housing prices as households compete for limited available units.

Figure 5 (page 116) illustrates the declining nature of the apartment rental vacancy rates in the City of San Diego since 1994. The vacancy rate has declined steadily from 7.3% in 1994 to 3.5% in the Spring of 1998. This vacancy rate falls very close to the "underbuilt" market, and is a result of the declining number of housing units built per year since 1990, particularly multi-family units.[11]

The SANDAG 2020 Regional Growth Forecast projects that between 1995 and 2020 the overall demand for housing in the region will increase by 41%. In 1995 the housing stock in the region was 996,400 units whereas by 2020, 405,800 additional housing units will be needed (raising the total to 1,402,500) to accommodate anticipated regional population growth.

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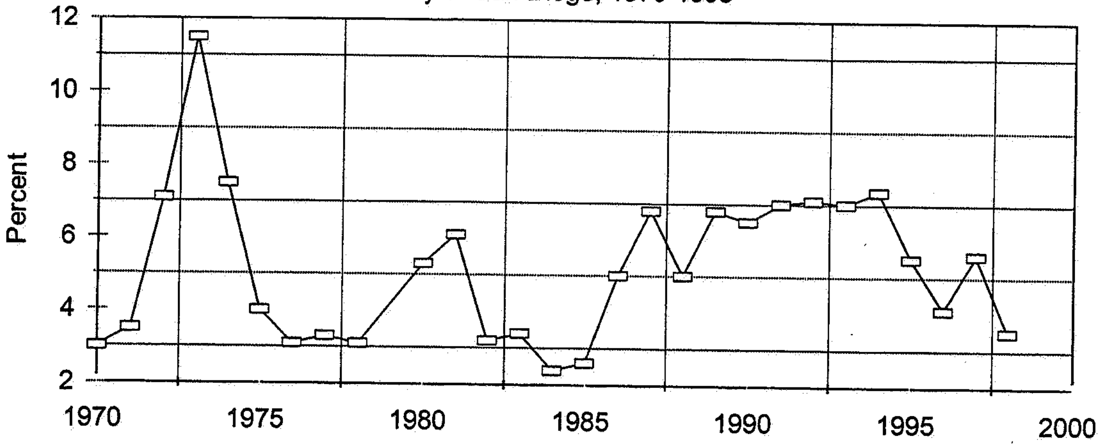
[11] SANDAG Population and Housing Estimates, January 1, 1997

Figure 5
APARTMENT VACANCY RATES
City of San Diego, 1970-1998



Source: U.S. Census 1970, 1980; City of San Diego Planning and Development Review Department; San Diego Apartment Association Surveys, 1991-1998

F. Employment Trends and Forecasts

Total civilian employment in the region as of 1997 was estimated at 1,281,600, an increase of 296,800 from the 1990 figure. Employment in the San Diego region is expected to grow by 44% by the year 2020 to 1,839,400. However, the job growth is expected to grow within different employment sectors than in the past. Historically, San Diego's leading employment sectors have been manufacturing, defense and tourism. However, in the early 1990's the local economy underwent major restructuring with the end of the Cold War resulting in significant losses of manufacturing employment, particularly defense related manufacturing. Base closures also affected San Diego, with the closure of the Naval Training Center. However, jobs lost through this closure were more than canceled out by increases in military jobs as new military functions were to San Diego.

Since 1990, several new economic clusters have emerged in the region, creating new employment opportunities while other clusters have been contracting. Since 1990, the number of residents employed in the recreational goods and biotechnology/pharmaceuticals clusters has doubled and the number of new jobs in the communications and software/computer services clusters have increased by more than 50%.

In absolute terms, the visitor services cluster has generated the highest number of new jobs (36,000), accounting for two-thirds of all cluster employment growth since 1990. At the same time, employment in the defense and transportation manufacturing cluster has declined by more than 50% and the financial services cluster has decreased by 35%.

The Preliminary 2020 forecast projects that the stagnation in manufacturing employment will continue while the fastest growing economic sectors will be Software and Computer Services, Business & Financial Services, and Health Care.